WARNER PUBLISHER SERVICES
COMPANY OVERVIEW

The following is an overview of WPS's structure and services:

A. RETAIL SALES

** DEPARTMENTAL STRUCTURE*

The Retail Sales Department is headed by Vice-President Jerry Reinhart, who supervises a marketing field of 15 Retail Sales Directors (RSD's) and an 8 person home office staff.

** RETAIL SALES DIRECTORS (15-RSD's)*

WPS maintains an aggressive retail chain buyer contact program with the top 743 retail chains, throughout the United States and Canada. Each chain is assigned to one of our 15 Retail Sales Directors (RSD's), who have developed personal relationships with their buyers. RSD's primary responsibility is to secure checkout, mainline, and auxiliary display authorizations for our clients' titles. Additionally, RSD's are responsible for maintaining profiles of retail chains which include servicing wholesalers, chain approval lists, and checkout and mainline display status.

All WPS RSD's have their own personal computers, which allows for instantaneous transmittal of new authorization from the buyer's office directly into the home office, and back to our wholesale sales field representatives for implementation at the wholesaler level. This direct link to the WPS data base also enables RSD's access to the most current sales information for developing sales presentations for their retail chain buyers.

** AUTHORIZATION NOTIFICATION SYSTEM*

WPS's computerized Authorization Notification System alerts the appropriate WPS Territorial Sales Manager (TSM) and servicing wholesalers of new chain approvals. Hard copy documentation is forwarded to the TSM's in their regular weekly mail.

** RACK COORDINATION PROGRAM*

WPS has developed a Rack Coordination Program that tracks all phases from manufacturing, shipping, placement, and allocation of copies into new checkout fixtures. As soon as a new display is approved, we initiate followup with the appropriate rack manufacturer, to determine when the racks will be shipped and notify our wholesale sales field representatives, so that they can coordinate the necessary racking activity and allocation of copies. This program traces the shipment and placement of racks, providing publishers with periodic updates and a final report when all racks have been placed, and confirming the appropriate number of copies have been allocated for these displays.

** RETAIL CHAIN BUSINESS REVIEW*

WPS is the only national distributor to conduct complete magazine business reviews with our key retail chains. WPS initiated this program in 1985, in an attempt to better position WPS's clients within these chains, as well as to promote the magazine industry. WPS utilizes the recent Direct Product Profitability studies, in conjunction with customized presentations for our clients to enhance WPS magazine sales through these chains.

** CUSTOMIZED SALES KITS/BROCHURES*

The Retail Sales Department recommends that all clients develop sales kits or sales brochures to help promote their publications to the retail trade. Marc Richards, Director of Advertising and Promotion can assist in these projects.

** RETAIL TRADE SHOWS*

WPS invests over $100,000 annually to exhibit our clients' publication at all the major industry trade shows, such as the Food Marketing Institute, National Association of Convenience Stores, National Association of College Bookstores and various Regional Trade Conventions. The WPS exhibit booth features two 16 screen video walls and 3 distinct selling areas which are available for our clients' use.

B. WHOLESALE SALES

** DEPARTMENTAL STRUCTURE*

The Wholesale Sales department is headed by Vice-President Pat Flaherty and Director Frank Stalzer, who supervise 4 Division Managers, 12 Wholesale Sales Directors, and 194 Field Representative, responsible for directing and monitoring the distribution and display of WPS clients' titles.

** DIVISION SALES MANAGERS (4-DSM"s)*

The WPS Services Magazine Division consists of four (4) geographic sales divisions, each headed by a Division Sales Manager. The Division Sales Managers are located in the New York home office with the exception of our West Coast Division Sales Manager based in West Hollywood, CA. The divisions are as follows:

Division	*Division Sales Managers*
Western	*Jimmie Lea Moser*
Southeast	*Lois Fulco*
Central	*Kathy Meier*
Northeast	*Mel Thompson*

** WHOLESALE SALES DIRECTORS (12-WSD's)*

WHOLESALE SALES DIRECTORS are responsible for the supervision and training of the field representative in each of the twelve (12) WPS regions (three per division). WSD's are also responsible for monitoring of wholesaler operations and field activities.

The WSD's maintain regular contact with the field personnel in their region through travel and constant communication via the WPS laptop computer network. This network, which is in use throughout the U.S. and Canada, provides immediate contact between the WSD and their field representatives as well as the WPS home office.

** TERRITORY SALES MANAGERS (80-TSM's)*

TERRITORY SALES MANAGERS regularly visit wholesaler agencies in their territory to monitor all aspects of their operations. Activities includes conducting distribution reviews, expanding retailer coverage, performing affidavit audits, and ensuring wholesaler services are maintained to WPS standards.

** CITY SALES MANAGERS (21-CSM's)*

CITY SALES MANAGERS are based in major marketing areas throughout the U.S. and Canada. Their primary responsibility is to assist the local TSM's in all aspects of their jobs, in addition to analyzing retailer allotments versus competitive publications and working closely with wholesaler personnel to expand sales for all WPS distributed titles.

** DISTRIBUTION ANALYST (80-DA's)*

DISTRIBUTION ANALYST's work closely with the local retail community and the wholesalers to ensure that WPS distributed titles are provided with the best possible displays. In addition, the D.A.'s keep abreast of local sales and marketing conditions as well as opportunities for sales expansion.

** LOCAL PROMOTION CONTACTS*

The WPS field staff works with local media and broadcast personnel in their territories to provide promotional and publicity support. Point of Sale material, Point of Purchase displays and other special promotions are coordinated by WPS field representatives.

** RETAILER SALES VISITS*

WPS recognizes the importance of visiting retail accounts where our Publishers titles are sold. As such, we have developed a customized program that allows our Representatives to have the greatest amount of sales effect within each market. The uniqueness of each marketplace in terms of geography, retail chains, wholesaler policies, and delivery schedules do not allow for one national program to be effective in all markets for all Publishers.

WPS Representatives are required to visit retailers on a weekly basis, but their efforts are targeted to the needs of those markets. During the calls, Representatives review all WPS displays with special attention given to targeted programs that insure special promotions and sales opportunities are optimized for the publisher. Key accounts are visited on a regular basis, including terminal accounts and high volume retailers in all class of trade outlets.

WPS also has a Checkout Maintenance Program that insures our Publishers front-end display equipment is in place and being properly utilized. objectives of our calls are to promote WPS Publisher magazines with store personnel, improve displays, provide maintenance on checkouts pockets, move copies, secure reorders, and adjust wholesaler orders as sales potential dictate. Promotional materials including rack cards and posters are placed on a targeted basis.

** WHOLESALER BUSINESS REVIEWS*

The structure of periodical distribution has evolved to that of fewer agencies and fewer owners of agencies. The emergence of the multi-agency management groups has necessitated WPS adopt a different approach to managing our clients distributions. As such, WPS has developed a complete Wholesaler Business Review Program that analyzes the wholesaler systems, policies, and procedures as they relate to WPS titles. Meetings are scheduled with New York Management and top agency and/or Management Group Executives to discuss our prior sales, current programs, and future improvements for WPS clients.

** AUTHORIZATION PROGRAM*

The Retail Sales Department forwards notification of all new chain approvals to the WPS representative and wholesalers responsible for servicing these chains. New approvals are added to distribution on a weekly basis.

** WHOLESALER COVERAGE*

Although WPS is structured to have our major presence within those markets that represent the largest share of our Publishers' business, we recognize the importance of secondary agencies. WPS targets secondary wholesalers using our MIS Exception Reports to address specific needs and opportunities in the smaller agencies.

We have found that gaining the cooperation of these less frequently visited wholesalers can result in substantial gains for our clients. In order to maintain a constant awareness of WPS clients' products and sales opportunities, our District Sales Managers telephone all tertiary agencies within their territory on a minimum frequency of once per month, giving us 100% coverage in all wholesaler agencies selling our clients' products.

** PERSONAL COMPUTERS*

All WPS Field Representatives with personal computers have access to the New York data base and telecommunication capabilities, providing efficient and immediate exchange of information between the wholesaler agency, New York Office and WPS Publisher.

** NATIONAL TRAINING CENTER*

PC's, complex wholesaler systems and specialized field assignment mandated WPS initiate a uniform and formal training program for all Field Representatives. A National Training Center was created for the training of employees and publisher personnel.

Our WSD's will continue to provide on the job training to help field representatives adapt to the uniqueness of wholesaler markets and school them on effective interaction with agency personnel.

** AFFIDAVIT AUDITS*

Affidavit audits are performed to ensure the integrity and accuracy of wholesaler's returns, credits and processing as required by the WPS Affidavit Return Agreement.

C. INTERNATIONAL SALES

The International Sales Division is dedicated to the increased sales of WPS titles' worldwide. Our success is based on aggressively marketing titles, monitoring distributions to avoid allotment stagnation and prevent unacceptable sales efficiency levels, while expanding markets for our publishers.

In addition to an experienced New York staff, we have a sales representative who covers Europe and the European office of Stars & Stripes on a monthly basis. We recently moved much of our Asian business to our Time Warner distribution network. An important element of this dedicated channel is their Direct to Consumer Division, which is a hand delivery operation with copies taken out of their newsstand allotments. This highly targeted consumer approach augments their newsstand sales and results in raising overall sales efficiencies. In addition to this network, we also have a Time Warner representative based in Tokyo, who covers the rest of Asia.

Through our organization in Australia, we have two representatives covering the South Pacific markets. We also recently hired a representative based out of Mexico City to cover the important Latin and South American markets.

We are currently reviewing our sales coverage in all regions and as a Time Warner division, we plan on further expanding our representation.

Plans also include updating our International MIS and Billing/Collecting system which will include the capability of billing and collecting in local currency, as well as remitting to a publisher in any currency.

Since our International Division is totally integrated within WPS, our clients need only deal with one source for all of their newsstand needs: one Account Executive, one Financial Department and a unified and consistent reporting structure.

Our goal is to provide our publishers with a truly worldwide integrated newsstand distribution network. We welcome the opportunity to prove it.

D. CIRCULATION AND SUPPORT SERVICES

Our Circulation and Support Services Department is the only one of its kind within the newsstand distribution industry. Headed by the Vice-President, Bob Nardozzi, it is dedicated to fact finding and converting gathered data information used to create effective circulation strategies for our client publishers and internal departments.

WPS' comprehensive sales programs reflect our commitment to an ongoing development and expansion of a series of contemporary, improved sales reports that help us identify both growth situations and problem areas.

** STATISTICAL ANALYSIS*

C & SS updated Publishers with editorial and industry trends, a complete analysis of past sales, and a forecast of future sales.

** WHOLESALER NET BILLING AND SALES ANALYSIS*

C & SS provides Publishers with a title by title comparison of unit sales and net billing trends for each market versus national trends.

** ABC ANALYSIS*

Compiled from ABC data, this report serves to provide publishers, wholesalers, retailers and our representatives with a current analysis of titles and editorial categories in terms of sales and share of market trends.

** COMPETITIVE DISTRIBUTION AND SALES REPORT*

CD & S report compares WPS titles and competitive titles, by editorial category and sales trends.

** WPS COLOR GRAPHICS SYSTEM*

The WPS color graphics system is used to develop sales support graphs and charts, for wholesale and retail business reviews and retail chain sales presentations.

** TRENDS*

C D & S organizes and controls tests that allow Publishers to determine consumer reaction to covers, cover price, editorial and various print orders.

E. FINANCE

** CREDIT*

The Credit area, at Warner Publisher Services, consists of several closely related departments working as one. They are responsible for cash collections, as well as claims processing, which is coordinated with other areas within the company. Many items are mailed to our wholesalers from the credit area, including the monthly statement packages, which includes all billings and credits processed for the month.

Additionally, Weekly Allotment Notices and check-up cards, as well as returns forms, are mailed out by the Credit area where they are matched to Credit Memos and filed for future reference.

F. ADVERTISING/PROMOTION PUBLICITY

The operative word in the area is "opportunity". The advertising and promotion department can help develop a wide range of single copy sales oriented promotions, such as consumer and trade advertising, wholesaler and retailer mailings, and sales presentation kits.

The department is also capable of developing broadcast campaigns, and audio/visual presentations for publisher use in promoting newsstand sale.

G. ORDER REGULATION

The Order Regulation Department is responsible for the allocation of the right number of copies to the right wholesaler agencies at the correct time.

When the analysis is completed, a final galley is produced, shipping labels are generated and the galley is released to the Traffic Department. The reorder desk makes any non-ship, credit/debit, memo bill adjustments and maintains the stock inventory records.

H. TRAFFIC

The Traffic Department receives the allotment amounts from Order Regulation and creates shipping labels. These labels provide shipping instructions to the printing plant.

The Traffic Department also coordinates with printing plants to determine routing, break up agents, custom brokers or carrier. Once copies leave the plant, Traffic monitors shipments to ensure timely delivery.

I. INFORMATION SERVICES

Our publishers, as well as our home staff, and our field personnel have access to Warner Publisher Services' Management Information System (MIS). The Warner MIS is the industry front-runner, outstripping every computer-based data storage and retrieval system used within the publishers industry. Its heart is an IBM data bank capable of storing more than eight billion items of on-line information. MIS is available 24 hours a day. Portable full power lap-held computers are being used by Warner's field force to receive via telecommunications their work assignments.

These portable computers assist our representatives to complete their assignments, then automatically transmit the results directly to our data bank where it can be analyzed by your Warner account executive. A computerized assignment compliance monitoring system our division management team to maximize the effectiveness of our field efforts.

Data collected by our system is presented as a hardcopy print out, as a CRT screen display or in both modes simultaneously. Confidentiality is assured by assignment of a security "password" to each authorized.

MIS monitors sales trends, computes return flow forecasts sales by various parameters, tracks retail activity, displays wholesalers' sales histories and presents ABC data on a geographical and editorial category basis. Our team of programmers (who maintain a total awareness of our industry) continuously improve and add to our system.

J. WARNER BOOK DIVISION

** WPS BOOK DIVISION: SEPARATE AND SPECIALIZED*

The Warner Publisher Services book division is a separate unit from the magazine division in personnel, in procedures and in management. The book division has its own field staff--skilled and highly trained book specialists--backed by the most sophisticated resources in the industry. The division currently represents mass and trade paperback books bearing these recognized and highly respected imprints.

WARNER BOOKS	*TOR BOOKS*
ST. MARTIN'S PRESS	*MYSTERIOUS PRESS*
BERKLEY PUBLISHING	*DISNEY PRESS*
WARNER JUVENILE BOOKS	*SPORTS ILLUSTRATED FOR KIDS*